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Shoppers browse in cyberspace

TORONTO (CP) — 'Tis the season to run around frantically buying things, which might make shopping on the Internet with the click of a mouse look pretty attractive.

There's almost no limit to what you can buy over the Web and more and more consumers are choosing to wander electronic malls in search of deals and hot products. According to Statistics Canada, about 29% of all Canadian households use the Internet.

But if you're under the impression we'll be buying everything from groceries to speedboats over the Net — forget about it.

In fact, the Internet doesn't yet come close to providing the hands-on experience that a store-front operation can, says Jim Carroll, author of the *Canadian Internet Handbook*.

"There's this feeling out there that, gee, because the technology lets us go shopping on-line we're all immediately going to rush out and do it," says Carroll.

"Right now, I'm about to head out to Toys 'R' Us and I don't think I'm going to get the same experience trying to figure out what to get my kids on some website."

A recent study of the first six months of 1998 by the Toronto office of the Boston Consulting Group indicates that even though commerce over the Net more than doubles every year, it still only accounts for less than 1% of retail revenue in North America.

The report was co-authored by shop.org, a trade association for on-line retailers. It surveyed and analyzed 127 on-line retailers in seven categories for six months.

Not every retailer will strike it rich by going on-line. But the study suggests that there is tremendous potential in cyberspace.

Most revenue made over the Internet goes into the coffers of so-called "multichannel retailers" — those who already had long-established mail-order businesses.

"Multichannel retailers, like Dell, Schwab, Eddie Bauer and Lands End, account for 59% of revenues," the Boston Group report says.

So when are people actually conducting purchases over the Internet? Computer goods, consumer electronics, books, music and videos made up 42% of on-line revenues for the first half of 1998, according to the Boston Group's data. Add to that the 32% of revenues that went to discount brokerages and you have nearly 75% of all Internet transactions.

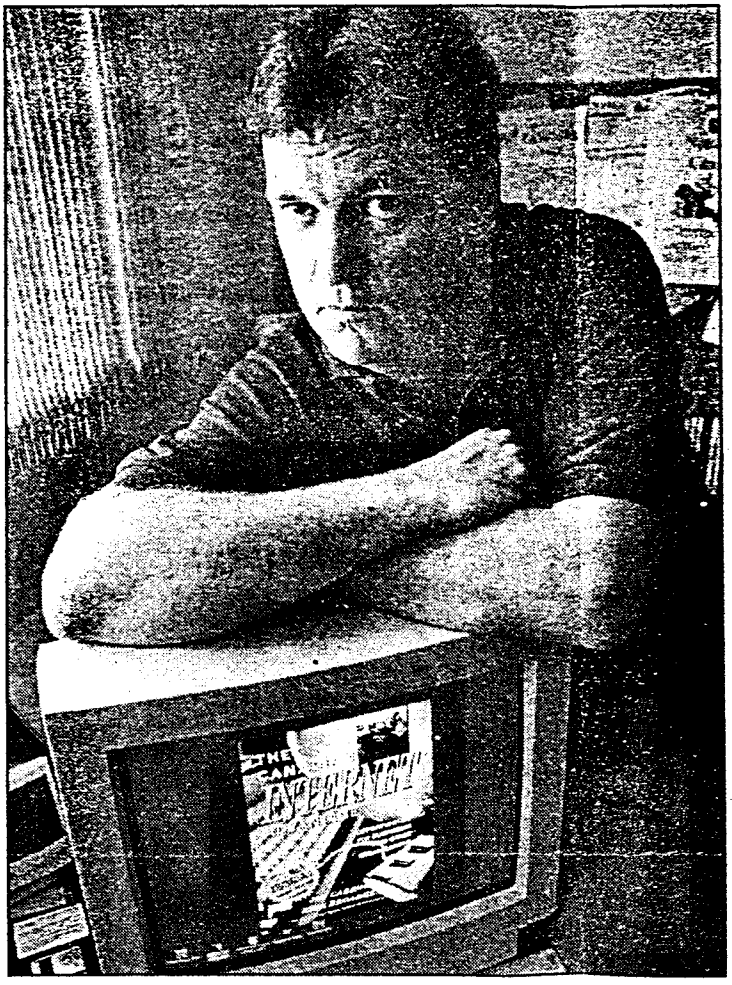
"Books, CDs, memberships, travel, financial services — it's things that you don't necessarily have to touch and feel and try in order to buy them," says Carroll.

"It's got to be a niche product or something that gives you convenience. The typical shopper going out there to go into a store to look at stuff and try things on and look at the colours and try the toys out — I don't think we're going to see an end to that."

Direct sales on the Internet can be tracked and analyzed, but as Carroll points out, it was never designed to facilitate shopping. It's still primarily an information system and its real strength lies in what can't be measured — the ability to instantly research almost any topic.

Even if you don't actually complete a transaction on-line, the Internet makes comparison shopping a breeze. Not only can you compare prices, examine warranties in detail and search for alternative vendors, many consumer organizations that give advice on products have Web sites.

"If you're going out and buying something that involves a complicated decision, like an automobile, I don't think you're going to do the deal on-line," says Carroll. "But, boy, you're certainly going to go and do the research. That's where the real bang for the buck comes in."



CP

JIM CARROLL says the Internet doesn't yet come close to providing the hands-on experience that a store can.

Net revenues

Some facts about shopping on the Internet:

- North American online revenues in first half of 1998: $4.4 billion US.
- Projected revenues for 1998: $13 billion US.
- Canadian households online: 29.3%.
- Revenues generated by online retailers reinvested in marketing and advertising: 62%.
- Most traditional stores: 4%.
- The credit card worry: Credit card information can be transmitted securely over the Internet. Just as in real life, virtual shoppers need to exercise caution: name brand companies and established retailers can almost always be trusted.